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Decentralization of Power and of Decision-Making – An Institutional Driver for Systems Change to Democracy

Everhard Holtmann & Christian Rademacher*

Abstract: »Dezentralisierung von Macht und Entscheidungsfindung – ein institutioneller Treiber für Systemwechsel zur Demokratie«. Regarding processes of system change towards democracy, rule of law and market economy from a comparative point of view, the decentralization of political institutions and of managing public affairs is one important system goal. Based on German experience in two times of transformation (1945/49 and 1989/90), the article reflects on the usefulness of transferring these (meanwhile historic) experiences as a specific "lesson" to the Korean peninsula. Our conclusion is threefold: First, a reform of the political system should combine a maintaining vertical hierarchy acting top down with local autonomy with either a strong or a weak set of responsibility. Second, an elite circulation of small size which incorporates cooperative parts of old elites seems to be useful; thereby risks of obstruction can be neutralized and local rationalities can be unlocked in situations of transition crises. Third, local self-government serves not only as a "driver" of democratization but also for optimizing people's demands of functional execution of public services.

Keywords: Decentralization, system change, local politics, international comparison.

1. The Basic Thesis and its Historical Evidence

Our basic thesis is threefold: Decentralized institutions of a political system, working on the middle level of regions and even more on the lower level of *local jurisdictions*, generally increase (a) the *legitimacy*, (b) the *efficiency* and (c) the *common acceptance* of processes transforming autocracies into democracies. This general assumption has not only been confirmed by the experience with the specific institutional transfer that was part of German Unification in 1989/90 but

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has also been incorporated in the constitutional framing of many post-communist states in middle and eastern Europe. No doubt, the latter democratically ‘converted’ countries mostly adopted the type of a unitarian state. However, at the same time the unitarian character of the new democratic constitutions “has been moderated by introducing Local Self Government offering directly elected representatives and being endowed with budget autonomy” (Ismayr 2004, 12).

In fact, the degree of decentralization in these countries differs: Croatia, for example, “has a kind of hesitating decentralization,” lacking core responsibilities and finances (Kopric 2008, 41). The Constitution of the Republic of Poland guarantees that “the municipality (*gmina*) shall be the basic unit of local government,” and “other units of regional or local governments shall be specified by statute” (see Dudzinska 2008, 109). A number of western European consolidated democracies have similar proposals. Of great importance is the local government for example in The Netherlands:

In formal terms, the Dutch state is unitary, but ‘unity’ in this particular state form is not sought through hierarchical steering, but rather through mutual adjustment between the three levels of interconnected territorial government: national, provincial and local (Boogers 2008, 150).

Similarly, Swedish municipalities “are self-governing political units, but they are also parts of the public administration”; that means “the day-to-day decisions of municipal democracy are, to a large extent, already determined by the national government and parliament” (Wörlund 2008, 195). After the democratic revolution of 1974, Portugal “took measures to enforce local democracy,” too (Pires de Almeida 2008, 234). Great Britain, on the other hand, in some way is a deviant case. Indeed it has a tradition of local government, but it “lacks any basic constitutional protection, including the right to continued existence” (Copus, Clark and Bottom 2008, 254).

Despite the fact that a great variety of institutional patterns of local government exists, oscillating between the poles of strong and weak local self-government, we can record that adopting a decentralized level of public policy and administration is characteristic for countries which are proceeding on the path of transition from autocracy to democracy. Germany is a special case, insofar as the same procedure historically occurred twice: Here, local self-government was not only a core element in the transfer of institutions from West to East cementing German unification in 1990 but it was also a part of the Western Allies’ historic attempts to bring Germany back to democracy after World War II. In 1946, the British Military Government of Germany, for example, promoted an institutional reform, entitled *Democratisation and Decentralisation of Local and Regional Government* (here following the revised version of February 1946). The reform goals were described as follows:

The administration of affairs in Germany will be directed towards the decentralization of the political structure and the development of local responsibility. Regional and local self-government will be reorganized [...], and the Germans en-

couraged to build a new political life on the widest possible democratic basis. The final aim will be that policy shall be initiated by the elected representatives of the people (VfZ 1969, 17).

In 1946 and on the local level, representative councils should firstly be nominated and then elected, assisted by a local civil service. The latter was declared “nonpolitical” – not acting like puppets of state or party ideology but solely in line with the customary principles of a professional bureaucracy.

At that time German domestic politicians undermined the Allied program of a ‘depoliticized decentralization’ and instead of it successfully revived the customary German model of a strong local self-government that traditionally favors party politics. Despite this the occupying power as well as the democratic representatives of the defeated Germany in the Western sectors in principle agreed that democratization has to grow ‘from the grassroots,’ protected and supported by decentralized bodies of politics and administration. Being exposed to the two ‘critical junctures’ during systems change in 1945/49 and in 1989/90, the renewed local self-government both times passed its practical test with flying colors.

The German path of bringing back democracy after the clash of dictatorship encourages us to generalize some historical findings: First, in times of crisis, the maintenance of state power and the allocation of public goods primarily have a *local face*. It is the local authorities who are seen as mostly responsible for a good running of daily life, and it is *their* standing or failing the test that strengthens or weakens the authority of the new regime on the whole. Second, political reforms “from below” should be combined with or embedded in reforms “from above”. Elsewhere, lower and upper levels of policy-making run the risk of growing apart; so a localism may arise which could foster (ethnic or territorial) separatism and undermine national unity. Or factions of political reform and of stagnancy competing vertically could blockade each other.

These observations underline another basic theoretical assumption: *Institutions do matter*, not least in times of transition and system change. To manage the risks and uncertainties of change, it is essential for political actors to be backed by institutions which “frame” political action in a calculable manner – particularly if the institutions themselves are the object of controlled institutional change (more details below). This does, *nota bene*, *not* mean that political action is strictly determined. Rather in times of transitional uncertainties, actors can dispose of freedoms of action in a flexible and creative manner. This may explain that we witness a “neoinstitutional turn in the research of autocracy” which is focusing on the institutions of the system (Backes and Kailitz 2014, 7). However, to emphasize the importance of institutions does not mean to neglect the role and function of actors.

2. What Does Decentralization Mean? – An Attempt to Clarify a Catch-All Term

In general, we can distinguish broad and narrow concepts of decentralization. In a wide sense, decentralization means to delegate planning, administrative and/or (re)distributing responsibilities from higher to lower ranges of public or private institutions and organizations (cf. Rondinelli and Nellis 1986, 5). We ourselves prefer a narrower concept. Accordingly, decentralization contains solely *self-government*, specifically a constitutionally based level of regional and/or local *autonomy* (Holtmann and Rademacher 2013). Being part of a national constitution, decentralization implies an *intrastate* transfer of either political and/or administrative responsibilities, albeit with the higher-ranking reason of state often providing specific measures of legal supervision and of financial grants to national authorities. Germany is an example for such an ‘entangled’ federal system with strong local government. From a vertical point of view, the top-down delegation of power may be addressed to regions (middle level) and/or to local units (lower level). If a regional meso-level does not exist we find simply municipalization of public politics and services (Kuhlmann and Wollmann 2013, 116 et seq.).

With reference to the legal rules and the internal logics of public administration, we can distinguish three basic modes of decentralization: (1) *deconcentration*, (2) *delegation*, and (3) *devolution* (cf. World Bank Group 2013; UNDP 1999). Deconcentration is considered as the weakest type, at all; here subordinated agencies only execute tasks and duties, and are strictly led and controlled by upper level authorities (this type is characteristic for unitary centralized states). Second, delegation of power normally comes along with more autonomy at the lower level; state control is confined to controlling *only if* the delegated tasks are executed and not in which way they are. The most comprehensive form of decentralization is devolution: Here, the central government transmits public responsibilities to quasi-autonomous units of regional or local self-government. So the political and administrative issues of decentralization are overlapping (World Bank Group 2013).

3. Decentralization is Global – A Clue to a Worldwide Trend

All over the world, a lot of countries are experimenting with decentralization (cf. Manor 1999, vii). The international research community assumes a global trend of decentralization (cf. Kuhlmann and Wollmann 2013; Kuhlmann et al. 2011; Denters and Rose 2005; Pollitt and Boukaert 2004; Stoker 1991). This trend is energized mainly by two assumptions: On the one hand, a “retreat of state” and its self-demolition to a “lean state” should give municipal jurisdictions plenty of slack so that the latter institutions at the same time are more

adjusted to business management reasons (New Public Management). Here the intended goal of reform is to increase the performance of local public administration by implementing criteria of economic efficiency. Opposite to this technocratic idea of reform, decentralization has become more popular as a label for civic participation and voluntary self-government of public affairs. The general call for local self-government and the booming idea of a participating civil society has been subsumed under the topic “Good Local Governance.” Lately, it has now become evident that there exists a strong tie between decentralization and democratization.

4. How Can We Explain the Long-Standing Viability of Local Self-Government?

However, the long-living narrative of democracy is not the only reason why local self-government has proved itself viable as an institutional prerequisite of “blueprints” of systems change from autocracy towards a state of law and democracy. We can explain this remarkable endurance (or resurrection) of local self-government by a bundle of persisting *societal factors*, of the charisma of *democratic norms* and of evident, politically *functional considerations*. Though *prima facie* empirically derived from the German case study, it has a lot in its favor of classifying these factors as universalized phenomena. In the following, we enumerate some relevant points:

First, we should keep in mind the time-transcending (and probably universally existing) “nature” of local communities: All over the world, people are living, thinking, feeling and acting within socio-spatial relations which are personal, familiar and of a size easy to survey. It is the local surroundings that make family, neighborhood, peer groups or associational activities identifiable. Individual demands and personal interests are knowable as well. The “density, nearness, and intensity” (Wehling 1986, 227) of social relations is a characteristic feature of local communities. In turn, this is a precondition for solidarity but, no doubt, also a source for latent or open social conflicts. In any event, the local social community and its political jurisdiction, the latter being the legally institutionalized elements of local government, obviously are more closely nested than is the case on the upper levels of regions or national state – especially given that there exists a local self-government which deserves this name. If this is the case, then the “genes” of social community may evaporate energies for local politics: People can develop and train subjective political competence (“By participating we are ruling ourselves”).

Second: Keeping in mind these specific social structures of local living environments which can be used in favor of local politics, three additional matters of fact constituting the enduring importance of local administration and politics in modern democracies become more understandable: (a) the participatory idea

of “*democracy from the grassroots*” as a normative principle *and* as political practice; not randomly is the constitutional framework of EU based on the principle of subsidiarity (“what can be done by lower levels, should be done by those”) – (b) the *vertical share of powers* inside a multi-level system, by delegating influence and responsibilities to various layers of the political system – and (c) the relatively high level of *subjectively perceived importance of local public institutions* and of *general trust* in them.

As in other cases of the “strong type” of local government (cf. Wollmann 2002) in the world, the German case confirms these matters of fact mentioned above as well as showing their long-term viability. Concerning grassroots democracy, in Germany elected local representatives are programming and controlling general and specific decisions of their municipalities. Moreover, complementary instruments of direct democracy have meanwhile been installed for the election of mayors and for plebiscites on factual local issues. In fact, German municipalities have substantial responsibilities of “original” self-governance (as will be described later in this article).

As to power sharing within an ‘intertwined’ multi-level system, the German model resembles a paternoster lift: In addition to their original rights of self-government, local jurisdictions are executing delegated tasks and distributing financial benefits *on behalf of the state*. The reason why these public duties are transferred top down by national and regional authorities is twofold: On the one hand the polity can make profit of the above mentioned familiarity of local actors and local offices with urban problems. On the other hand otherwise state capacities could be overloaded. Conversely, German municipalities are embedded in a vertical multi-stage construction of state supervision operated by means of legal control and guidance.

The “nested political outcome” within the German multi-level system is perceived as a confluence of national, regional and local politics. This enforces a common idea that “all politics is local” (and, vice versa, that local incidents are a mirror of national politics). Most public affairs (except, for example, foreign policy) and public spending are omnipresent on local grounds, people have a considerably high esteem of the local government’s importance, as empirical surveys repeatedly have shown. In 2008, for example, one third of West and East Germans were convinced of regional and local levels mostly influencing daily life; while 47 and 46 percent respectively estimated the national level to be most important (Eurobarometer 307, 2009). In the same year, 67 percent declared local government institution’s decision as “important” or “very important” for their daily life. This high esteem was only topped by a 77 percent preference for the *Bundestag* (Bertelsmann Foundation 2009).

However, not only the normative weight of the ideal of “basic democracy” and of the wide-spread popular esteem of local institutions can legitimize local self-government. Additionally, a decentralized administration of politics as such is *functionally advantageous*. As already outlined above, the rules and

practices of shared power running the multi-level-system of German “cooperative federalism” are based on the expectation of a more efficient administration and politics. For this reason, “decentralization” ties together the elementary democratic desire for political participation *and* the “technocratic” argument of better problem solving.

The “technocratic” assumption is: Decentralized political decision-making is able to optimize its output by “creaming off” the knowledge and personal competence of those actors who are nearer to the problems below. Since the early 1970s German political scientists have pled for making accessible “local rationalities” (Naschold 1972) in favor of improving decision making processes. The argument is: Solutions will be better if contextual knowledge and motivation of actors and experts close to problems are included. Such contextual knowledge allows a practical view on local problems, and it is reloading itself as part of the described social webs of local communities. Thus, the result hoped for is not only stabilizing democracy on lower levels of the political system but creates also an “increasing efficiency of the organization as a whole” (ibid., 89). This double effect is quite important in times of systems change on the one hand, old state authorities may collapse while on the other hand a transitional justice will be impelled. It depends on intimate and authentic knowledge of individual incrimination of members of the old elites if transitional justice deserves its name.

To support this thesis of local rationality, we refer to the fact that in Germany the standardized text of a law being applied on local grounds normally is adapted to concrete local problems (cf. Bogumil 2001, 17) due to the existence of a “working” local self-government. This general advantage of decentralized administration and policy-making proved true during the transition process in East Germany and especially in the early years of reunification. Concerning the sector of housing policy, for example, some legal norms transferred from West to East turned out not to fit well for the specific needs of East German cities. Nevertheless, solutions have been found: As result of informal negotiations, members of both regional and urban administrations came to flexible agreements by adapting inadequate aid programs to deviant domestic demands, sometimes yielding discretionary powers to the extreme (cf. Meisel 1997, 1998).

To summarize so far: Decentralization in the described sense refers to a model of institutionalized self-government giving space for substantial local (and/or regional) autonomy. Its remarkable viability as political program along with real practice is the result of a specific merger of democracy and efficiency. On the one hand, decentralized politics better facilitates the consideration of citizens’ needs, as well as stimulating civic participation, and promoting self-determination of smaller communities whose peculiarity and identity can be preserved easier (Benz 2003, 6). Furthermore, local self-government with guaranteed local autonomy is not only derived from mere democratic principles but it is also esteemed

for its complementary functions as a decentralized part of the entire political system. Citing the political scientist Joachim Jens Hesse, in Germany since the 1980s local institutions have become more and more important “as downstreamed agents of implementation, pooling and integration” in support of the state (1986, 25). Whereas state politics follows the aims of central political leadership, focused on identifying and solving general problems, a set of tasks of performative politics is delegated to local authorities (ibid.).

5. The Systemic Functions of Local Self-Government in Germany

The cooperation of national, regional and local politics within the multi-level system of Germany draws attention to the systemic functions of local self-government. As already outlined, the function of German local self-government is closely linked to its decentralized tasks and responsibilities. Neither the national ministries and other upper state executive boards nor the regional governments of the *Länder* can dispose of a local administrative body of their own. Therefore, state agencies of *Bund* and *Länder* have to revert to local institutions and urban civil services in order to execute the law and to implement benefits and programs. This is the reason why, as a rule of thumb, German municipalities (and counties, *Kreise*) transact approximately two thirds of the entire public spending.

Article 28, clause 2 of German Basic Law constitutes a guarantee of the institution of local self-government. Seven main responsibilities are assigned exclusively to municipalities. These granted sovereignties are: (1) a *territorial responsibility* (*Gebietshoheit*), that is, the general authorization to pass legal acts within their own boundaries; (2) a *norm building task* (*Satzungshoheit*), limited by the local unit’s own territory; for example, development plans, scales of charges or budgetary planning can be subsumed under this task; (3) an *organizational competence* (*Organisationshoheit*), offering municipalities the right to build up a local body of administration; (4) a *financial sovereignty* (*Finanzhoheit*), enabling an autonomous budgetary policy; (5) a *personal competence* (*Personalhoheit*), including the right to engage, to dismiss, to promote and to employ the personnel of local civil service; (6) a *planning competence* (*Planungshoheit*), which makes it possible to plan about the local territory autonomously, (7) a *task competence* (*Aufgabenhoheit*), that means local jurisdiction can decide what to do by priority (Walter-Rogg, Kunz and Gabriel 2005, 414 et seq.). Most important is the financial sovereignty because it is the permit for operating the amount of income and expenditure autonomously, thereby laying the financial ground for the autonomous performance of public tasks and services.

The real degree of local autonomy in Germany depends on whether the tasks are declared to be genuine self-government, compulsory or optional (*freiwillige*

and *pflichtige Selbstverwaltung*), or to be delegated tasks of state (*staatliche Auftragsangelegenheiten*). Depending on the divergent kind of duty, the range of legal or material controlling on the part of higher state agencies also differs. But notwithstanding the existing formal rights of control from above, state politics is reliant on a closing on ranks, that is to say joint implementation arrangements (*Vollzugskonsensus*) with local jurisdictions. The basic consensus underlying the German multi-level-system is vertical *intertwining and cooperation* between national, federal and local politics and administration instead of “*fencing off*” and *separation*.

The German model of a decentralized completion of managing public affairs has its historical roots in the Prussian municipal reforms of 1808. Subsequently a *path dependency* of this model has been shaped out, albeit twice interrupted by hierarchical and incapacitating attacks that disempowered local self-government in times of national socialist dictatorship between 1935 and 1945 and during the communist GDR-regime from 1949 to 1990. Local self-government was reinstalled in West Germany after 1945 and in East Germany since 1990. The resilience is quite remarkable. It has its origin in the institutions’ ‘twin set function’, that is to say equally fostering democratization and optimizing a down-to-earth problem solving as well.

6. Local Self-Government as Part of the Transfer of Institutions to East Germany in the Period of System Change and Reunification 1989/90 – Dimensions and Structure-Building Effects

At late the inner collapse of the autocratic system of GDR revealed the lack of democratic substance on local grounds. However, there was no alternative but to cover the ongoing demand on sufficient municipal delivery of public services. From the West German federal government’s point of view, initiatives to rebuild an efficient public administration in East Germany were confronted with enormous difficulties. Citing an official document of July 1991, conditions were “partly disastrous”, that means they were rather reinforcing transitional crisis than attenuating it. “Traditional deficits of existing bureaucratic bodies continue to be a considerable barrier against establishing equal conditions of life in the whole country” (Dt. Bundestag, Drucksache 12/916). Therefore, the federal government, the “old” *Länder* and a lot of West German local jurisdictions started a program for supporting a speedy recovery of an efficient public administration in the “new” *Länder* and their municipalities.

The treaty of unification offered a legal basis for this level of spontaneous administrative partnership. So anticipating the official date of united Germany, a considerable transfer of personnel and administrative know-how from West

to East took place. In order to coordinate the personal demands for roundabout 7,500 East German municipalities, the ministry of the interior and the leading organizations of local government installed a so called purse for personnel at Berlin. Until the middle of 1991, thousands of West German civil servants were sent by their home town offices for assisting at the renewal of local administration in East Germany. Mostly, this personal and technical assistance got its initial spark out of more than 700 towns and county East-West partnerships. All East German towns with more than 40,000 inhabitants, as well as all 190 East German counties, belonged to this cross-border network of local co-operation which had already existed in times of GDR (for details, *ibid.*).

Special in-service training courses were offered to East German civil servants as part of the partnership program. Personal assistance of West German municipalities also included the transfer of professional knowledge for handling local affairs, either often by technical advice at place or from a distance. So “deputized” decisions were prepared and worked out, concerning, for instance, documents of approval or the audit of legal questions and problems (*ibid.*).

7. Structural Challenges and Problems of Accommodation in Times of System Change – A “Lesson” of German Experiences

Bringing together two antagonistic state cultures was an enormous challenge. Citing the expert Klaus König, in the beginning of unification of East and West Germany “two fundamentally different types of civil service were standing opposite to each other: on the one side the traditional civil service with tenure, and on the other side an administration of Marxist-Leninist cadre type” (Koenig 1992, 549). Thus, the main characteristics of the real-socialist type of public administration could be described as follows: this type combined “an instrumental doctrine of state for managing public affairs, a cadre-based personnel, democratic centralism as guideline of organization and transmitting party’s intention into current administration” (Koenig 1995, 82). The personnel’s basic qualification requirement was ideological aptitude. Though since the 1960s professional expertise had become more important (cf. Best et al. 2012), the “auto-dynamics of professionalism” (Koenig) should be constrained by the single party’s instructions. “Modes of recruitment and career aimed at system loyalty and partisanship” (Koenig 1992, 550).

Under these circumstances, East Germany’s public sector “had to be redefined totally” (*ibid.*, 552). Hereby, structural rebuilding and conversion of personnel were linked closely. The local sphere was a specific object of reform, too, because in times of GDR the municipalities had served as “local agencies of state” and lacked any autonomy. No doubt, the challenges of transformation

were enormous. Transformation of structure and spirit meant, for example, that “a county administration has to be repurposed from a mere state subordinate into an agency of local self-government. And, furthermore, the duties belonging had to be done” (ibid.).

The unification treaty of 1990 prepared the path for public reforms so that all officials of East German administration branches, if the latter were not liquidated as institutions, maintained their jobs. This decision came about on behalf of securing continuity of administration and of including the old personnel’s collective interest as well. So much more urgently aroused the question of “how to incorporate members of the old cadres into a conventional system of administration which is based on principles of professional qualification and output, despite the existing influence of party politics” (ibid., 555).

There were two factors that facilitated responding to this challenge. First, transformation in general is characterized by “*specific similarities* between the former and the new system” (ibid., 552). In the case of Germany, like Klaus Koenig pointed out, the bureaucratic state’s historical heritage was a matter of weight as well as the past of an industrialized economy. Besides this, the institutional change was based on a “formal-legal revolution,” continuing practices and loyalties of the traditional pattern of bureaucracy: “State monopoly for making law and executing it has not been infringed. The real socialism has been discharged peacefully by new constitutional rules, laws and regulations” (ibid.).

Second, a complete *replacement of elites* did not really take place (cf. Best and Vogel 2012, 2016, in this HSR Forum). For the moment, the great bulk of GDR cadre personnel remained untouched by the regime transformation from dictatorship to democracy. One result of this “soft” elite circulation – at least in the second and third range – was that the affected personnel got a chance of “rational adaptation”. And in fact, they often used this chance. The term “adaptation” reflects a mode of reaction which in 1945 US-American social scientists had in mind, looking forward on presumed attitudes of German people after the end of the War. Then the capability of “rational adaptation” has been outlined as “a fundamental component of social behavior” in times of regime displacement.

Following this theoretical approach, the ‘silent’ adaptation of at least some parts of the old positional elites to the new system goals is a decisive psychological prerequisite for running a *controlled institutional change* successfully (American Journal of Orthopsychiatry 1945, 397 et seq.). In short words: In order to control blockade potentials of the old “vested interests” inside remaining institutions and to replace old webs of group solidarity, it is advisable to win a part of the old personnel as auxiliaries of change. Getting so? ‘Allies’ within the social system itself by satisfying their special interests, a window is open “for a *sufficient degree of conformity* on the part of a sufficient proportion of the relevant population” (ibid., 398 et seq.). It is exactly this conformity which is much-needed, because a successful system change depends on a cooperative attitude of at least some parts of the old elites.

A controlled institutional change is also important on the grounds of local government. In precarious times of transition the public services have to be ensured here. Not referring to this “recipe” of controlled institutional change explicitly, the democratic renewal of local government and administration in Germany followed this path, after 1945 in the Western half of the country as well as during the start-up of democracy since 1990 in East Germany. Indeed, a change of leadership in the first-line of local management often occurred. But the newly appointed personnel of upper range (burgomasters, district chief executives, heads of departments, chief officers) often had a professional background, (that is) *distant* from administration and politics; partly old mayors were reelected, albeit under non-party label (Daeumer 1997). Approximately each third or fourth of these reelected mayors holding the same office already in GDR got approved in free elections (Wollmann 1997, 277).

On the whole, the change of local elites was “in no way complete”; in lower ranges one can observe “continuity to a large extent” (Wollmann and Jaedicke 1995, 106; Daeumer 1997, 21, 241). Even more, the corridor of local institutional change, oscillating between brake and continuity, opened the floor to revalue *endogenous East German views and experiences* seeping into the new body of decentralized institutions (Wollmann 1996, 51; Wollmann et al. 1997, 12).

8. The Institution of Local Self-Government: An Export Article for a Decentralized Version of System Change?

With regard to a discussed application of the German case and its specific experience with system change and unification, one question arises: Does it make sense to export the German model of local self-government – a strong type, above all – like a virtual scenario for a Korea transmuting itself into transition country? – The answer is: Yes, in principle, because the concept leaves space for *graduations*. In other words: It is possible to hold a balance between the two poles of centralistic hierarchy and decentralized local power in different ways, due to (differing) political preferences and national traditions. Even if one does not copy the complete set of municipal sovereignties as if it was actually granted in Germany, a decentralized composition of public affairs might run. We can also imagine a constellation of “weak self-government” which is similar to the present constitutional situation in the Republic of South Korea, conceding rather limited autonomous functions and financial sources for local authorities (Koellner, Flamm and Olbrich 2015, 105-8). Furthermore, a less autonomous municipal power like this could be the starting point for moving towards more decentralization.

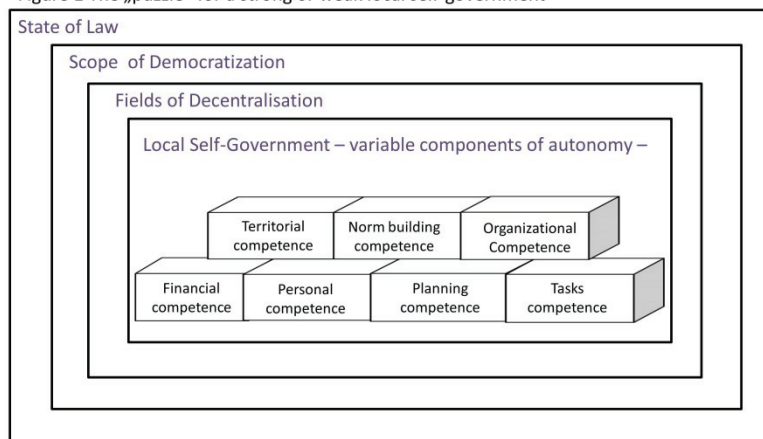
The following figure shows the “puzzle” for how to combine (or to exclude) the elements of total seven local rights and municipal sovereignties. In contrast to the case of Germany, one could abstain, for example, from the norm building

and/or organizational competence, and/or transferring top-down only a limited financial responsibility. If doing so, the result will be a pattern of local administration serving more as a long arm of state politics. However, a construction like this is also compatible with a democratic system. But it will less exploit the potential resources of local democracy.

Figure 1: The “Puzzle” for a Strong or Weak Local Self-Government

4. “Strong” LSG – Export Article for other transition counties?

Figure 1 The „puzzle“ for a strong or weak local self-government



Source: E. Holtmann (2015), IPSA World Conference on North Korean Studies.

Whether it be a “strong” or “weak” institutional pattern, tensions and conflicts between upper and lower levels will arise in Germany, for example, on and off conflicts arise between local assembly’s decisions and legal supervision by state agencies. Another critical subject is the financial dependency of municipalities being led by the “golden reins” of state benefits and subsidy programs.

Disregarding such typical inherent tensions and political infight (and fading out for a moment the completely hierarchical masque of the North Korean dictatorship): Is there any point of contact for bringing forward decentralization in the contemporary political system of South Korea?

Anyway, decentralization and local autonomy is a topic of current South Korean political and scientific debates on administration reform (Rowan 2002; Choi, Choe and Kim 2013). Korea seems to lack a historical legacy of decentralized administration and local self-government. In fact, local representatives and some scientists have criticized central government repeatedly for refusing to transfer responsibilities to the bottom of politics (Choi, Choe and Kim 2013,

31). However, the Republic of South Korea cannot elude the international trend of decentralization completely. In 1999, a committee for the devolution of governmental tasks has been established (meanwhile renamed Presidential Commission for Decentralization/PCD). Furthermore, in 2004 a special law concerning the promotion of decentralization was enacted (ibid.).

Accordingly, the matter of decentralization and devolution is defined as part of central state's top-down initiative. Following an internal PCD paper of December 2011, more than 3000 public tasks were provided to be executed decentrally; at the same time more than 55 percent have been brought en route, most of them in 2004 and 2005 (ibid., 32).

Nevertheless, the pace of reform moved slowly. There are several reasons why: Central agencies of state argue that at first local jurisdictions should improve their administrative skills in order to manage the process of decentralization efficiently. Vice versa, local governments suspect that upper authorities are hesitant to transfer responsibilities top down because they fear a loss of power (ibid., 33).

The history of German state-building, and especially the experience of system change and unification in 1989/1990, proves that a synchrony of both centralizing *and* decentralizing governance of public affairs can have fruitful effects. Consequently, Korean scientists also demand a synchronous process of decentralization of responsibilities and of building up local administrative capacities (Choi, Choe and Kim 2013, 33).

Maybe, in the hypothetical case of a Korean unification a strategy and practice might be helpful similar to the "benevolent despotism", by which after 1945 the British Military Government had accompanied West Germans attempts to recover the democratic path of local self-government. The strategic goal is the same now as then, which is to assist top down the process of democratization and to install a professional, efficient and law-abiding local bureaucracy.

9. A Blueprint for Korea? – Some Possible "Lessons" of the German Path of Decentralization from a Comparative Point of View

Apparently, national conditions differ. The cultural context is not always the same. Summarizing the remarks lined out above, we dare to shape some generalizations derived from the German experiences with system change and unification:

- 1) A pattern of system change which combines the perspective of a "*reform from above*" with elements of a "*reform from below*" proves to be rather successful. Local self-government and administration should be embedded in a system of state control, (legal) supervision and financial subsidies. On

the other hand, a *vertical hierarchy acting top down* should be complemented by the *autonomy* of either a strong or a weak set of responsibilities on the local level.

- 2) An *elite circulation of small size* seems to be useful, at least on the local level of politics and administration. A ‘soft’ staffing policy like this can create a specific win-win-situation either for adaptable old cadres or for promoting the new norms and rules. So, potential risks of obstruction and blockade are neutralized, and *local rationalities* can be made useful for managing transition crises better.
- 3) Local self-government which deserves this name serves as a “*driver*” of *democratization* as well as for optimizing demands of *functional execution of public services*. The latter claim is also important for legitimizing the new political order on the part of ordinary people.
- 4) Making use of local peculiarities and innovative resources, local self-government opens the floor for *best municipal*.
- 5) Offering opportunities of local self-government, the personal *identification with local units* can be strengthened. Furthermore, local identity may be an incentive to stay as a local resident, despite the fact that the alternatives of flight from the land and out migration will probably be attractive for many people beyond the former boundary in times of transformation.
- 6) A considerable advantage of local self-government is its *flexible institutional setting*. This setting can serve as a stakeholder for political reform. It is possible to arrange the components of sovereignty in the way of a “puzzle” of institution building, accommodated to divergent cultural traditions and actual demands.
- 7) Last but not least: In times of system change, severe uncertainties are growing on the part of ordinary people. Local self-government can provide for some stability in this critical period between the systems if the new authorities are reverting to contextual knowledge and professional skills of local “trustees.”

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